



## ST COLUMBAN'S MISSION SOCIETY

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11<sup>th</sup> August 2011

The Manager  
Philanthropy and Exemptions Unit  
Personal and Retirement Income Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

Email: [NFPReform@treasury.gov.au](mailto:NFPReform@treasury.gov.au)

Dear Mr Leggett

***Tax Laws Amendment (2011 Miscellaneous Measures) Bill (No 1) 2011  
Submission in response to the Exposure Draft***

The St Columban's Mission Society was established in Australia in the early 1920s initially to support the Society's mission activities in China and later this support was extended to other Society mission activities in the Asia, Pacific and South American regions.

While as missionaries our major emphasis is preaching the gospel and building Christian communities we have always worked with the poor in countries such as Pakistan, the Philippines, Chile, Peru and Brazil. Mission is not just religious but also involves work for justice, development, peace, reconciliation and for a united and sustainable world. Much of our work fits easily into the United Nations Millennium Development Goals.

The Society's footprint in Australia extends to Melbourne, Sydney, Brisbane and Perth. At the head office in Melbourne the Society employs staff to service the priest's accommodation (Essendon House), produce publications and engage in fundraising activities. Essendon House also accommodates retired Columban priests. In Sydney the Society operates the Columban Mission Institute and has three houses. Columban priests are also housed in Perth and Brisbane.

Donations (not tax deductible) received by the Society from benefactors for its mission work also supports its purposes in Australia. It should be possible for the Society to remit funds for which no tax deductibility is sought for its mission activities overseas without being

concerned that they would fail an "In Australia" test. As mentioned above the Society's overseas mission funding support has continued unchanged for over 80 years as a tax exempt entity.

It is the expectation of our benefactors that the Society will remit such available funds (after meeting the costs of operation in Australia) overseas to support its mission purposes, including helping some of the poorest. The proposed legislation will severely constrain the activities of the Society and greatly limit the effectiveness of the donor contribution.

The Society understands and accepts the importance of ensuring that funds remitted overseas are not used for improper purposes. The Society has in place systems for ensuring that any funds remitted overseas are done so through the congregation's offices in the recipient countries. The Society respectfully suggests that the application of the 'In Australia' limitation and any application for inclusion in regulations should recognize the internal governance of the Society and a tradition of over 80 years without any money being used for improper purposes.

The Society suggests that the limitation in the proposed section 30-18 (3) should be qualified as to only apply to funds appropriated by the DGR (Deductible Gift Recipient) for which tax deductibility has been given. It is understood that since the level of support with respect to DGRs is greater, a stricter test should be applied.

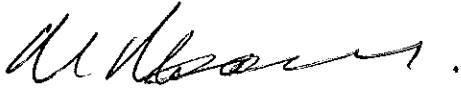
New section 50-50(2)(C) provides that the entity is not permitted to donate money to any other entity unless it is an exempt entity. The Society currently makes payments to non exempt entities and individuals in furtherance of its objects. In effect this section would stop donations to poor individuals which is a commonplace activity of the Society. Should the Society not meet the new "exempt entity" test it would not be able to receive funds/donations from "exempt entities".

Under proposed Section 50-51(3)(a) the Society is not a DGR (the Columban Overseas Aid Fund is a DGR) and therefore is not entitled to claim an exemption from the conditions about not-for-profit entities and entities pursuing their purposes in Australia. The implication for the Society is that it has no recourse to seek an exemption in order to continue the funding of its mission purpose (tax exempt) as it enjoys currently.

The definition of "not for profit entity" is critical, not only entitlements to exemption under the Income Tax Act, but also under other tax acts, such as A New Tax (Goods and Services Act) and the Fringe Benefits Tax Assessment Act. The proposed definition is fundamentally flawed and will negatively impact the Society with the operation of the other tax acts should it not satisfy the conditions of a tax exempt entity under the proposed legislation.

The Society welcomes the opportunity to discuss these comments further with relevant Treasury officers.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Mooney". The signature is fluid and cursive, with a period at the end.

Michael Mooney  
Regional Bursar